

bill(s) of lading, and before said delivering truck(s) leaves Buyer's Plant, of the number, if any, of the hogs arriving at Buyer's Plant that are disabled or dead. Seller shall be responsible for the disposition of such hogs at Seller's cost and expense. Seller will advise Buyer prior to initiating delivery of Market Hogs under this Contract as to the method Seller will use to dispose of hogs that do not meet Buyer's specifications, including review of Buyer's program for sale of hogs that do not meet Buyer's specifications.

ARTICLE 6

PRICE

Section 6.01

The price for the Market Hogs supplied under this Contract shall be the sum of the "Base Price" (as defined below), plus one dollar (\$1.00) per live hundred weight, and plus or minus (as the case may be) the "Carcass Merit Adjustment" (as defined below). Such price shall, however, be subject to the adjustment described in Section 6.02 below. The Base Price shall mean "Market Price", provided, however, that Base Price shall never be less than \$40.00 cwt. "Market Price" shall mean the daily bulk top plant-delivered price per live cwt. at mid-session of the market for Iowa/Southern Minnesota #1-3 barrows and gilts for 220-260 pound butcher hogs as reported by the U.S.D.A. Market News Service at 10:30 a.m. report (copy attached as Exhibit B) or any replacement thereof or successor thereto for the day of deliver.

Section 6.02

A price adjustment account (the "Adjustment Account") shall be established with respect to Market Hogs delivered pursuant to this Contract. In the event Market Hogs are delivered to Buyer on any date that the Market Price is less than \$40.00 cwt., the Adjustment Account shall be debited by an amount equal to the live cwt. of Market Hogs delivered on that date multiplied by the amount by which \$40.00 exceeds the Market Price on such date. If, on any date that Market Hogs are delivered to Buyer, the Market Price exceeds \$45.00 and, on such date, there is a debit balance in the Adjustment Account, the price payable by Buyer pursuant to Section 6.01 above shall be decreased, and the Adjustment Account shall be credited, by an amount (not to exceed the then existing debit balance in the Adjustment Account) equal to the product of (i) the live cwt. of Market Hogs delivered on such date, multiplied by (ii) the "Price Adjustment". The term "Price Adjustment" shall mean \$.50 if the Market Price is \$45.00 or greater, but is less than \$48.00, and shall mean \$1.00 if the Market Price is \$48.00 or greater. If, at the termination of this Agreement, there is a debit balance remaining in the Adjustment Account, Seller shall pay to Buyer a cash amount equal to such debit balance.